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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 08/08/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

10/064,783

Applicant(s)

LEDERMAN, LAWRENCE

Examiner

Narayanswamy Subramanian

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 16 August 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☒ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____  |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                         | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>2</u> . | 6) <input type="checkbox"/> Other: _____                                    |

**DETAILED ACTION**

1. Original claims 1-22 are pending. The rejections are stated below.

***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 1-17 and 20-22 rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter, which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. The said claims cite the limitation "determining a debt concentration threshold" but there is no description in the specification of how the debt concentration threshold is determined in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. Clarification is required.

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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5. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (US Patent 6,148,293).

With reference to claims 1, 6, 12-14 and 20-22, King discloses a method, computer executable software code, a computer readable medium and a programmed computer respectively, for changing at least one parameter of the debt instrument when a condition associated with a debt instrument changes. (See King Column 6 line 64 – Column 7 line 8, claims 1-4) Computer executable software code, a computer readable medium and a programmed computer are inherent in the disclosure of King.

King does not explicitly teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold.

Official notice is taken that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold is old and well known in the art. For instance when all secured debt of a business is held by one entity and the debt covenant may specify that all additional debt against the collateral will be subordinate to the debt currently held by the entity. Such specification can apply to currently held debt and/or future debt. The debt held by the entity would then in effect be the debt concentration threshold. Changing the threshold can be negotiated between the lender and the borrower. Such steps help the business owners from getting into too much debt and thereby lose control of the business and it also helps the secured lenders maintain their priority of claims over the collateral.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the steps of determining a debt concentration threshold and the condition when an entity

holds more debt instruments than the debt concentration threshold to the disclosure of King. The combinations of the disclosures taken as a whole suggests that it would have helped the business owners from getting into too much debt and thereby lose control of their business and it would have also helped the secured lenders maintain their priority of claims over the collateral.

With reference to claims 2-4, King teaches the steps of issuing the debt instrument with the associated condition and changing at least one parameter of the debt instrument (See King Claim 1).

With reference to claim 5, King teaches the step of monitoring the associated condition. (See King Column 17 lines 66-67)

With reference to claims 7-11, King teaches the step where the entity is an investor (See King Column 5 lines 59-62)

King does not explicitly teach an individual investor, an institutional investor, an affiliated group of investors, or a group of investors acting in concert.

Official notice is taken that interpretation of investors to include individual investor, an institutional investor, an affiliated group of investors, or a group of investors acting in concert is old and well known in the art. Such interpretation avoids discrimination against investors regardless of whether they are acting alone or a group.

It would have been obvious to one with ordinary skill in the art at the time of invention to include investors including an individual investor, an institutional investor, an affiliated group of investors, or a group of investors acting in concert to the disclosure of King. The combination of the disclosures taken as a whole suggests investors would have benefited from being treated fairly and not being discriminated against regardless of whether they are acting alone or a group.

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With reference to claims 15-17, King teaches the method of claim 1.

King does not explicitly teach the steps wherein parameter changed by the condition serves to restrict voting, restrict redemption of the debt instrument or change the series of the debt instrument.

Official notice is taken that the steps of restricting voting, restricting redemption of the debt instrument or changing the series of the debt instrument when an associated condition changes are old and well known in the art. Such indenture provisions are common in debt issues and serve to make the terms and conditions clear to both the lender and the borrower. It protects the lender against unscrupulous acts by the borrower and protects the borrowers against hostile actions by the lenders.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the steps of restricting voting, restricting redemption of the debt instrument or changing the series of the debt instrument when an associated condition changes to the disclosure of King. The combination of the disclosures taken as a whole suggests such steps would serve to protect the lender against unscrupulous acts by the borrower and protect the borrowers against hostile actions by the lenders.

With reference to claims 18 and 19, King discloses methods for issuing a debt instrument, monitoring a condition associated with the debt instrument and changing at least one parameter of the debt instrument when the condition associated with a debt instrument changes. (See King Column 6 line 64 – Column 7 line 8, Column 7 lines 30-35, Column 17 lines 66-67 and claims 1-4).

King does not explicitly teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold.

Official notice is taken that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold is old and well known in the art. For instance when all secured debt of a business is held by one entity and the debt covenant may specify that all additional debt against the collateral will be subordinate to the debt currently held by the entity. The debt held by the entity would then in effect be the debt concentration threshold. Such steps help the business owners from getting into too much debt and thereby lose control of the business and it also helps the secured lenders maintain their priority of claims over the collateral.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold to the disclosure of King. The combinations of the disclosures taken as a whole suggests that it would have helped the business owners from getting into too much debt and thereby lose control of their business and it would have also helped the secured lenders maintain their priority of claims over the collateral.

### ***Conclusion***

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (703) 305-4878. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (703) 308-1065. The fax number for Formal or Official faxes and Draft or Informal faxes to Technology Center 3600 or this Art Unit is (703) 305-7687.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113.

N. Subramanian  
July 28, 2003



**HANI M. KAZIMI**  
**PRIMARY EXAMINER**